

BEFORE THE  
POSTAL RATE COMMISSION  
WASHINGTON, D.C. 20268-0001

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POSTAL RATE COMMISSION  
OFFICE OF THE SECRETARY

POSTAL RATE AND FEE CHANGES, 2000

Docket No. R2000-1

NOTICE OF THE UNITED STATES POSTAL SERVICE CONCERNING ERRATA  
TO TESTIMONY OF WITNESS MILLER (USPS-T-24) (ERRATUM)

The United States Postal Service hereby provides notice of the filing of errata to the testimony of witness Miller (USPS-T-24). These errata conform the narrative portion of witness Miller's testimony to:

- corrections in USPS-T-24, Attachment B, which were filed on March 3, 2000;
- corrections to USPS-T-24, Appendix I (pages 1 and 2); Appendix II (page 1); and Appendix III (page 1), which were filed on March 31, 2000.

These corrections affect cost estimates on pages 16 (n.27), 18 (column 2) and 24 (lines 6 and 7) of USPS-T-24. On the attached copies of the revised pages 16, 18 and 24, the conforming corrections are highlighted. The attached pages replace the original pages filed as a part of USPS-T-24 on January 12, 2000.

Respectfully submitted,

UNITED STATES POSTAL SERVICE

By its attorneys:

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April 11, 2000

## 2. CRA MAIL PROCESSING UNIT COSTS

Separate CRA mail processing unit costs have been obtained for the nonautomation and automation rate categories. Unlike the First-Class Mail rate structure, Standard (A) nonautomation presort has two rate categories: nonautomation basic and nonautomation 3/5-digit. Therefore, cost models must also be used to de-average the costs for Standard (A) nonautomation presort letters.

## 3. COST MODELS

For each of the two nonautomation rate categories, three cost models have been created: OCR upgradable mail in "UPGR" trays, OCR upgradable mail in "NON-OCR" trays, and non-upgradable mail in "NON-OCR" trays. All six models are used to de-average the nonautomation presort CRA mail processing unit costs. In addition, three cost models have been developed for the automation basic, automation 3-digit, and automation 5-digit rate categories. These three models are used to de-average the automation non-carrier route presort CRA mail processing unit costs.

## 4. WORKSHARING RELATED SAVINGS CALCULATIONS

The worksharing related savings for the Standard (A) Regular and Nonprofit letters rate categories are calculated as follows:<sup>25</sup>

Benchmark Worksharing Related Mail Proc Unit Costs + Delivery Unit Costs
- <u>Rate Category Worksharing Related Mail Proc Unit Costs + Delivery Unit Costs</u>
Worksharing Related Savings

## V. LETTERS AND CARDS RESULTS

The total mail processing unit costs and the worksharing related savings results for First-Class letters and cards and Standard (A) Regular and Nonprofit letters are displayed below in Table 1.<sup>26</sup> From a cost standpoint, the worksharing related savings results for some rate categories have decreased from those found in Docket No. R97-1.<sup>27</sup> These decreases largely result from either (a) cost methodology enhancements or (b) technology improvements that have been made to mail processing operations.

<sup>25</sup> These calculations are performed in Appendix II (page 1) and Appendix III (page 1).

<sup>26</sup> See the "Summary Pages" in Appendix I (pages 1 and 2), Appendix II (page 1), and Appendix III (page 1).

<sup>27</sup> For example, the savings for First-Class nonautomation presort letters decreased from 3.382 cents (Docket No. R97-1, Exhibit USPS-T-29C) to 0.091 cents (Docket No. R2000-1, USPS-T-24, Appendix I, page 1), while the savings for First-Class automation basic letters decreased from 5.698 cents to 5.178 cents.

**TABLE 1:**  
**TOTAL MAIL PROCESSING UNIT COSTS AND WORKSHARING RELATED**  
**SAVINGS SUMMARY (REVISED 4/10/2000)**

<b>RATE CATEGORY</b>	<b>TOTAL MAIL PROCESSING UNIT COST (CENTS)</b>	<b>WORK SHARING RELATED SAVINGS (CENTS)*</b>	<b>RATE CATEGORY BENCHMARK</b>
<b>FIRST-CLASS MAIL LETTERS</b>			
Nonautomation Letters	10.337	0.091	Bulk Meter Mail Letters
Automation Basic Letters	5.154	5.178	Bulk Meter Mail Letters
Automation 3-Digit Letters	4.264	1.014	Automation Basic Letters
Automation 5-Digit Letters	3.179	1.283	Automation 3-Digit Letters
Automation Carrier Route Letters	2.991	0.348	Automation 5-Digit Letters (CSBCS/Manual Sites)
<b>FIRST-CLASS MAIL CARDS</b>			
Nonautomation Cards	4.055	---	---
Automation Basic Cards	2.637	1.882	Nonautomation Cards
Automation 3-Digit Cards	2.166	0.538	Automation Basic Cards
Automation 5-Digit Cards	1.592	0.680	Automation 3-Digit Cards
Automation Carrier Route Cards	1.018	0.669	Automation 5-Digit Cards (CSBCS/Manual Sites)
<b>STANDARD (A) REGULAR LETTERS</b>			
Nonautomation Basic Letters	11.208	---	---
Nonautomation 3/5-Digit Letters	9.491	1.750	Nonautomation Basic Letters
Automation Basic Letters	6.234	3.726	Nonautomation Basic Letters
Automation 3-Digit Letters	5.262	2.989	Nonautomation 3/5-D Letters
Automation 5-Digit Letters	4.001	1.330	Automation 3-D Letters
<b>STANDARD (A) NONPROFIT LETTERS</b>			
Nonautomation Basic Letters	7.443	---	---
Nonautomation 3/5-Digit Letters	6.005	1.111	Nonautomation Basic Letters
Automation Basic Letters	4.882	2.792	Nonautomation Basic Letters
Automation 3-Digit Letters	4.084	2.528	Nonautomation 3/5-D Letters
Automation 5-Digit Letters	3.107	1.056	Automation 3-D Letters

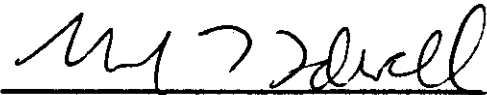
\* The worksharing related savings include both mail processing and delivery savings. For details regarding these calculations see the "Summary Pages" in Appendix I (pages 1 and 2), Appendix II (page 1), and Appendix III (page 1).

1        Once again, the inputs used in this formula lead to conservative results. Had the  
2        presort mail processing unit costs for flats and parcels been used, the result would have  
3        been higher.

4  
5        The results from my cost study show that the additional costs required to process  
6        First-Class nonstandard single-piece and nonstandard presort mail pieces are **23.343**  
7        cents and **196** cents, respectively.

### **CERTIFICATE OF SERVICE**

I hereby certify that I have this day served the foregoing document upon all participants of record in this proceeding in accordance with section 12 of the Rules of Practice.

A handwritten signature in cursive script, appearing to read "M T Tidwell", written over a horizontal line.

Michael T. Tidwell

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